

New World Development Announced the Deferral of Perpetual Securities Interest Payments—Need to Watch Refinancing Progress

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on New World Development Company Limited's announcement on the deferral of perpetual securities interest payments.

- (1) On May 30, New World Development Company Limited (NWD) announced that it would defer interest payments on four perpetual securities due in June. As stipulated in the relevant offering circulars, "the Issuer of the perpetual securities may, at its sole discretion, elect to defer" interest payment. This is one of the unique features of perpetual securities and it does not constitute an event of default. The official announcement did not specify the reason for the deferral. JCR estimates the impact of deferring interest payments is approximately HKD1.8 billion per year. Meanwhile, NWD's liquidity, including cash and cash equivalents and undrawn credit lines, stood at HKD34.2 billion at the end of 2024. According to media reports, NWD is currently in the process of refinancing HKD80 billion level of bank borrowings.
- (2) NWD's liquidity is reasonably ample, and the impact of this deferral on improving its cash position is relatively modest. The deferral and the ongoing refinancing appear to indicate NWD's intention to focus on maintaining and improving its cash position and to increase its financial flexibility until the funds are recovered from the projects it is undertaking. Given the value of NWD's properties, JCR holds that the Company will be able to maintain banks' supportive stance by utilizing secured borrowings. JCR will closely monitor refinancing progress, taking the Company's business performance into account, and will reflect any necessary changes in its ratings.

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<Reference>

Issuer: New World Development Company Limited

Foreign Currency Long-term Issuer Rating: A Outlook: Stable
Local Currency Long-term Issuer Rating: A Outlook: Stable

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